

SUMMARY OF MAJOR TAXES IN THE DISTRICT OF COLUMBIA

TAX	DESCRIPTION OF WHAT IS TAXED	RATE	FY 1998 REVENUE	FY 1999 REVENUE	FY 2000 ESTIMATE
PART A - GENERAL FUND TAXES					
REAL PROPERTY TAX	All real property, unless expressly exempted, is subject to the real property tax and, beginning in TY 98, is assessed triannually at 100% of market value. The District of Columbia uses five classifications of property: Class I – improved residential real property that is owner-occupied; Class II – improved residential real property that is rental; Class III – hotels and motels; Class IV – real property which is not Class I, II, or III property; and Class V – unimproved property (vacant land). Vacant property which abuts and has common ownership with a classified property is classified the same as that property which it abuts. <i>D.C. Code Citation: Title 47, Chapter 7 - 14.</i>	The District's Real Property Tax Year is October 1 through September 30. Property Class Tax Per \$100 of Value Class I \$0.96 ^{/1} Class II \$1.34 Class III \$1.85 Class IV \$2.05 Class V \$2.05 ^{/1} The first \$30,000 of Assessed Value is exempt from the tax.	\$616,935,000	\$597,566,000	\$572,900,000
PERSONAL PROPERTY TAX	All tangible property, except inventories, used or available for use in a trade or business. <i>D.C. Code Citation: Title 47, Chapter 15 - 17.</i>	\$3.40 per \$100 of assessed value	\$68,475,000	\$73,928,000	\$70,150,000
PUBLIC SPACE RENTAL	Commercial use of publicly owned property between the property line and the street. <i>D.C. Code Citation: Title 7, Chapter 10.</i>	Various rates for the following: Vault, Sidewalk (Enclosed and Unenclosed). Sidewalk Surface, and Fuel Oil Tank	\$10,030,000	\$8,056,000	\$9,200,000
SALES AND USE TAX	All tangible personal property and certain selected services sold or rented to businesses or individuals at retail in the District. Groceries, prescription and non-prescription drugs, and residential utility services are among those items exempt from the sales tax. The use tax is imposed at the same rates sales tax rate on purchases made outside the District and then brought into the District to be used, stored or consumed, providing that the purchaser has not paid the sales tax on the purchases to another jurisdiction. <i>D.C. Code Citation: Title 47, Chapters 20 and 22.</i>	A five-tier rate structure is presently in effect: 5.75% General rate for tangible personal property and selected services 8% Liquor sold for off the premises consumption 10% Restaurant meals, liquor for consumption on the premises, rental vehicles 12% Parking motor vehicles in commercial lots 14.5% Transient accommodations <i>Note: The following portions of the sales tax go to the Convention Center Fund: 1% of sales tax from restaurant meal etc., and 4.45% of transient accommodations.</i>	\$524,878,000 a	\$541,573,000 a	\$575,000,000 a
ALCOHOLIC BEVERAGE TAX	Alcoholic beverages manufactured by a holder of a manufacturer's license and beverages brought into D.C. by the holder of a wholesaler's license. <i>D.C. Code Citation: Title 25, Chapter 1.</i>	Beer – \$2.79 per 31 gallon barrel Light wine <15% alcohol – 30¢ per gal Heavy wine >14% alcohol – 40¢ per gal Champagne/sparkling wine – 45¢ per gal Spirits – \$1.50 per gallon	\$4,702,000	\$4,821,000	\$4,800,000
CIGARETTE TAX	The sale or possession of cigarettes in the District. Cigarettes sold to the military and to Federal Government are exempt. <i>D.C. Code Citation: Title 47, Chapter 24.</i>	65¢ per package of twenty cigarettes	\$17,592,000	\$17,107,000	\$16,765,000

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HOTEL OCCUPANCY TAX	Each daily occupancy of a room in a hotel, motel, inn, or tourist camp. Does not apply to permanent residents. <i>D.C. Code Citation: Title 47, Chapter 32.</i>	\$1.50 per occupied room per day <i>Note: 40% of the revenue is dedicated to the Convention Center Fund. Tax was discontinued, effective October 1, 1998.</i>	\$5,369,000 a	<\$26,000>	\$0								
MOTOR VEHICLE EXCISE TAX	Issuance of every original and subsequent certificate of title on motor vehicles and trailers. <i>D.C. Code Citation: Title 40, Chapter 7.</i>	Based on manufacturer's shipping weight 6% of fair market value - 3,499 lbs or less 7% of fair market value - 3,500 lbs or more	\$29,838,000	\$31,329,000	\$30,000,000								
INDIVIDUAL INCOME TAX	The taxable income of an individual who is domiciled in the District at any time during the tax year, or who maintains an abode in the District for 183 or more days during the year. <i>D.C. Code Citation: Title 47, Chapter 18.</i>	<table><tr><td>Taxable Income</td><td>Tax Rate</td></tr><tr><td>First \$10,000</td><td>5.0%</td></tr><tr><td>Over \$10,000, but not over \$20,000</td><td>\$500 + 7.5% of excess over \$10,000</td></tr><tr><td>Over \$20,000</td><td>\$1,250 + 9.5% of Excess over \$20,000</td></tr></table>	Taxable Income	Tax Rate	First \$10,000	5.0%	Over \$10,000, but not over \$20,000	\$500 + 7.5% of excess over \$10,000	Over \$20,000	\$1,250 + 9.5% of Excess over \$20,000	\$861,505,000	\$952,156,000	\$1,018,800,000
Taxable Income	Tax Rate												
First \$10,000	5.0%												
Over \$10,000, but not over \$20,000	\$500 + 7.5% of excess over \$10,000												
Over \$20,000	\$1,250 + 9.5% of Excess over \$20,000												
CORPORATE FRANCHISE TAX	Net income of corporations having nexus in the District. All corporations engaging in a trade, business or profession in the District of Columbia must register. <i>D.C. Code Citation: Title 47, chapter 18.</i>	The franchise tax rate is 9.975 percent of taxable income, a 9.5 percent rate plus a surtax equal to 5 percent of the base rate.	\$170,029,000 a	\$163,699,000	\$205,000,000								
U.B. FRANCHISE TAX	Net income of unincorporated businesses with gross receipts over \$12,000. A 30% salary allowance for owners and a \$5,000 exemption are deductible from net income to arrive at taxable income. A business is exempt if more than 80% of gross income is derived from personal services rendered by the members of the entity and capital is not a material income-producing factor. A trade, business or professional organization which by law, customs or ethics cannot be incorporated is exempt. <i>D.C. Code Citation: Title 47, chapter 18.</i>	The franchise tax rate is 9.975 percent of taxable income, a 9.5 percent rate plus a surtax equal to 5 percent of the base rate.	\$45,767,000 a	\$53,896,000	\$56,055,000								
PUBLIC UTILITY TAX	Gross receipts of gas, electric and local telephone companies. <i>D.C. Code Citation: Title 47, Chapter 25.</i>	10% of gross charges	\$141,069,000	\$128,472,000	\$130,000,000								
TOLL TELE-COMMUNICATIONS TAX	Gross receipts of companies providing toll telecommunication service in the District. <i>D.C. Code Citation: Title 47, Chapter 38.</i>	10% of gross charges	\$56,732,000	\$51,874,000	\$53,222,000								
INSURANCE PREMIUMS TAX	Gross insurance premiums received on risks in the District, less premiums received for reinsurance assumed, returned premiums and dividends paid to policy-holders. The tax is in lieu of all other taxes except real estate taxes and fees provided for by the District’s insurance law. <i>D.C. Code Citation: Title 35; Title 47, Chapter 26.</i>	1.7% on gross premium receipts	\$37,096,000	\$26,944,000	\$31,500,000								
ESTATE TAX	The estate of every decedent dying while a resident of the District, and on the estate of every nonresident decedent owning property having a taxable situs in the district at the time of his or her death. <i>D.C. Code Citation: Title 47, Chapter 19.</i>	Tax equals the amount of credit for state death taxes allowed on the Federal Estate Tax Return.	\$32,256,000	\$26,247,000	\$22,268,000								

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DEED RECORDATION TAX	The recording of all deeds to real estate in the District. The basis of the tax is the value of consideration given for the property. Where there is no consideration or where the consideration is nominal, the tax is imposed on the basis of the fair market value of the property. <i>D.C. Code Citation: Title 45, Chapter 9.</i>	1.1% on consideration or fair market value	\$53,863,000	\$70,398,000	\$53,784,000														
DEED TRANSFER TAX	Each transfer of real property at the time the deed is submitted for recordation. The tax is based upon the consideration paid for the transfer. Where there is no consideration or where the amount is nominal, the basis of the transfer tax is the fair market value of the property conveyed. <i>D.C. Code Citation: Title 45, Chapter 9.</i>	1.1% of consideration or fair market value	\$42,597,000	\$47,001,000	\$35,909,000														
ECONOMIC INTEREST TAX	The economic interest transfer tax is triggered by two (2) elements. These elements are 1) 80% of the assets of a corporation consist of real property located in the District of Columbia; and 2) more than 50% of the controlling interest of the corporation is being transferred. The consideration is what is paid for the interest being transferred. If there is no tangible consideration, then the tax basis will be the assessed value of the property owned by the corporation.	2.2% of consideration or fair market value	\$11,166,000	\$3,687,000	\$500,000														
TOTAL GENERAL FUND TAXES:			\$2,731,848,000 a b	\$2,798,728,000 a	\$2,885,853,000 a														
PART B – OTHER SELECTED TAXES																			
THE ARENA FEE	<p>The Arena Fee is required to be paid by any person or entity who at any given point during their calendar year or fiscal year ending on June 15, is subject to any of the following:</p> <p>1) D.C. corporation franchise tax;</p> <p>2) D.C. unincorporated business franchise tax; or</p> <p>3) The D.C. Unemployment Compensation Act, except employers who employ persons to provide personal or domestic services in a private home unless the employment is related to the employer’s trade, occupation profession, enterprise, or vocation.</p> <p>An entity granted exemption from D.C. corporation franchise tax or unincorporated business franchise tax, pursuant to Title II of the D.C. Income and Franchise Tax Act of 1947, as amended, is not subject to the fee, unless it has unrelated business income. An exempt entity with unrelated business income shall pay an Arena Fee based upon annual D.C. gross receipts associated with the unrelated business income for the preceding fiscal year.</p> <p><i>D.C. Code Citation: Omnibus Budget Support Act of 1994, Title III, Section 303, April 22, 1994.</i></p>	<table><tr><td>District Gross Receipts</td><td>Fee</td></tr><tr><td>For Preceding Fiscal Year</td><td></td></tr><tr><td>\$0 to \$1,999,999</td><td>\$ 0</td></tr><tr><td>\$2,000,000 to \$3,000,000</td><td>\$ 1,000</td></tr><tr><td>\$3,000,001 to \$10,000,000</td><td>\$ 3,300</td></tr><tr><td>\$10,000,001 to \$15,000,000</td><td>\$ 6,500</td></tr><tr><td>Over \$15,000,000</td><td>\$11,400</td></tr></table>	District Gross Receipts	Fee	For Preceding Fiscal Year		\$0 to \$1,999,999	\$ 0	\$2,000,000 to \$3,000,000	\$ 1,000	\$3,000,001 to \$10,000,000	\$ 3,300	\$10,000,001 to \$15,000,000	\$ 6,500	Over \$15,000,000	\$11,400	\$10,904,000	\$11,585,000	\$9,000,000
District Gross Receipts	Fee																		
For Preceding Fiscal Year																			
\$0 to \$1,999,999	\$ 0																		
\$2,000,000 to \$3,000,000	\$ 1,000																		
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\$10,000,001 to \$15,000,000	\$ 6,500																		
Over \$15,000,000	\$11,400																		

Source of General Fund Revenue Amounts: D.C. Comprehensive Annual Financial Report, FY 1999, p. 65.

(a) Amount excludes transfers to the Convention Center Fund.

(b) Excludes revenue from the health care provider tax that was discontinued in 1996.

Prepared by Tax and Economic Policy Administration, D.C. Office of Tax and Revenue